

HEAVY EQUIPMENT VALUATION INSTRUCTIONS

To determine the market value for heavy equipment, use the methods listed below. **The methods should be used in sequential order (1 before 2, 2 before 3, 3 before 4, etc).**

Method 1 – Green Guide Quick Sale

Use the "quick sale" value as shown in the current Green Guide.

Example #1: A taxpayer owns a 1997 Wheel Loader. The make is a Caterpillar IT; the model is a 14G. The "quick sale" as found in the Green Guide is \$33,000.

$$\begin{aligned} &\$33,000 \text{ market value} \\ &33,000 \times 3\% = \$ 990 \text{ taxable value} \end{aligned}$$

Method 2 – Original FOB

Apply the percentages listed on the depreciation schedule to the original FOB (factory price) as determined through old guidebooks. The percentage to be used will be determined by the year the heavy equipment was new.

Example #2: A taxpayer owns a 1961 wheel loader. The make is a "Hough" and the model is a H50. Your current book does not show a "quick sale" for any year, but by looking through old guidebooks, you determine that the original FOB for that year was \$15,235.

$$\begin{aligned} &15,235 \times 22\% = \$3,352 \text{ market value} \\ &3,352 \times 3\% = \$ 101 \text{ taxable value} \end{aligned}$$

Method 3 – FOB Different Year Trended

Apply the percentage from the depreciation schedule to the trended FOB (factory price) as determined by the New Cost Factor chart for heavy equipment (PPBA-19). The percentage to be used will be determined by the year the heavy equipment was new.

Example #3: A taxpayer owns a 1958 crawler tractor. The make is a Case and the model is a 750. Your current book does not show a "quick sale" for any year and you cannot find an FOB for that year. You can, however, find an FOB of \$13,979 for a 1967 Case 750. Apply the factor from the heavy equipment New Cost Factor chart to trend the FOB.

$$\begin{aligned} &13,979 \times 83\% = 11,603 \text{ Trended FOB} \\ &11,603 \times 22\% = \$2,553 \text{ market value} \\ &2,553 \times 3\% = \$ 77 \text{ taxable value} \end{aligned}$$

Method 4 – Trended Quick Sale

Use the New Cost Factor Chart (PPBA-19, Heavy Equipment) to trend down the "quick sale" value of equipment whose same make and model is listed in the current Green Guide but whose year is no longer listed.

You may use this method in place of method (2) or (3) only if those methods result in a higher value being placed on a piece of equipment than the last year listed in the current Green Guide for that same make and model.

Example #4: The taxpayer owns a 1982 Caterpillar 660 motor scraper. There is no current value listed but you find a Quick sale of 16,000 listed for a 1983 Cat. Model 660.

$$16,000 \times .98 = \$15,680 \text{ Trended Quick sale / } \mathbf{\text{market value}}$$

$$15,680 \times 3\% = \$ \quad 470 \mathbf{\text{ taxable value}}$$

Method 5 – Acquired Cost

Apply the percentages on the depreciation schedule to the acquired cost. The percentage to be used will be determined by the year acquired.

Example #5: A taxpayer owns a 2001 ditcher. The make is Ditch-Witch and the model is 942. The taxpayer acquired the ditcher in 2001 for \$11,500.

$$11,500 \times 35\% = \$4,025 \mathbf{\text{ market value}}$$

$$4,370 \times 3\% = \$ \quad 121 \mathbf{\text{ taxable value}}$$

Heavy equipment includes but is not limited to the following: wheel loaders, crawler loaders, wheel tractors, crawler tractors, motor scrapers, motor graders, crawler cranes, truck cranes, hydraulic excavators, hydraulic cranes, mechanical excavators, air equipment, asphalt finishers, crushing equipment, ditchers, log skidders, log loading equipment, pumps, rollers, wheel excavators, tower cranes, buckets, pile driving equipment, belt loaders, concrete equipment, sweepers and brooms, motors and generators, road maintenance equipment, water well drilling equipment, draglines, skid steer loaders, backhoes, lift trucks, coal and ore haulers, off-highway hauling units, mobile asphalt equipment and all other miscellaneous special mobile equipment.

HEAVY EQUIPMENT DEPRECIATION SCHEDULE

This schedule is to be used from January 1, 2009, through December 31, 2009, (reference ARM 42.21.131).

<u>YEAR</u>	<u>TRENDED % GOOD</u>
2009	80%
2008	65%
2007	63%
2006	56%
2005	50%
2004	44%
2003	40%
2002	37%
2001	35%
2000	32%
1999	28%
1998	29%
1997	29%
1996	29%
1995	26%
1994	26%
1993	24%
1992	23%
1991	22%
1990 and older	22%

<u>Property Type</u>	<u>Class Code</u>	<u>Property Class</u>	<u>Taxable Percentage</u>
Heavy Equipment	6511	8	3%

SPECIAL INSTRUCTIONS FOR LOG LOADING EQUIPMENT

1. Use the methods as listed for heavy equipment.
2. If a log loading unit is qualified for an SM plate and the equipment cannot be located in the "Green Guides", use the total acquired cost and acquired year and apply the percentage listed on the heavy equipment schedule based on the acquired year.

Example: The taxpayer comes in to pay the taxes on a truck and log loader that are qualified for an SM plate. The truck is a 1984 Peterbilt and the year new of the log loader is 1980. The log loader is not listed in any Green Guide. He reported that he acquired the truck and loader in 1990 for the package price of \$86,000.

Acquired Cost - 86,000 x 22% = \$18,920 **market value**
18,920 x 3% = \$ 568 **taxable value**

Reference: 61-1-101(59), MCA – Special Mobile Equipment
61-3-431, MCA – Special Mobile Equipment (registration, etc.)

61-1-101. Definitions. As used in this title, unless the context indicates otherwise, the following definitions apply:

(59) "Special mobile equipment" **means a vehicle not designed for the transportation of persons or property on the highways** but incidentally operated or moved over the highways, including road construction or maintenance machinery, ditch-digging apparatus, and well-boring apparatus. The fact that equipment is permanently attached to a vehicle does not make the vehicle special mobile equipment. The enumeration in this subsection is partial and does not exclude other vehicles that are within the general terms of this subsection.